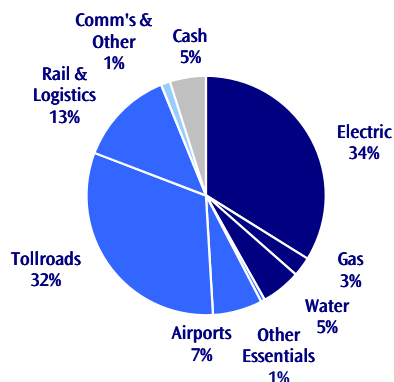
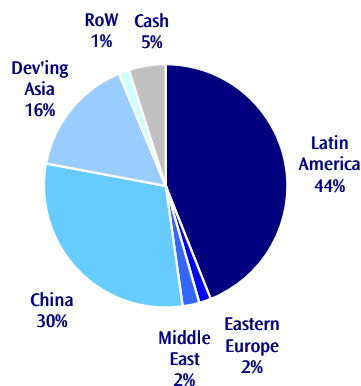
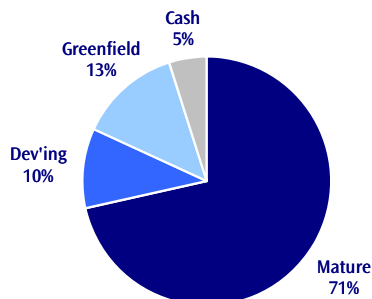


**Performance Summary (total returns in AUD after fees)**

|                        | This Month | Three Months | Twelve Months | Inception <sup>1</sup> |
|------------------------|------------|--------------|---------------|------------------------|
| RARE Series EM Fund    | 2.0%       | 5.0%         | 34.4%         | 34.4%                  |
| Benchmark <sup>2</sup> | 2.0%       | 4.7%         | 29.4%         | 14.8%                  |
| MSCI EM World          | 0.3%       | 5.3%         | 23.6%         | 8.8%                   |

**Overview of Fund Exposures and Portfolio Statistics**
**Sector Exposures**

**Regional Exposures - by Listing**

**Maturity Exposures**

**Portfolio Statistics**

Current statistics of the RARE Infrastructure Value Fund are as follows<sup>4</sup>:

|                                      |       |
|--------------------------------------|-------|
| Dividend Yield                       | 3.8%  |
| EV <sup>5</sup> /EBITDA <sup>6</sup> | 7.1x  |
| Interest Cover                       | 5.8x  |
| Gearing (Net Debt/ EV)               | 24.3% |
| Asset Beta                           | 0.53  |

**Fund Details**

|                                   |  |
|-----------------------------------|--|
| Fund Size                         | \$1.9m   |
| Number of Holdings                | 36   |
| Minimum Investment                | \$20,000 <sup>7</sup>  |
| Application Price                 | 1.5231   |
| Redemption Price                  | 1.5125   |
| Distribution Frequency            | Semi-Annually  |
| Distribution for Dec 09 (cpu net) | 1.5000   |
| APIR Code                         | TGP0015AU  |
| Morningstar Ticker                | tbc  |
| Management Fee                    | 1.333% per annum   |
| Transaction Costs                 | 0.35%  |
| Performance Fee                   | 10.25% of investment returns made in excess of the Benchmark |

|           |  |
|-----------|--|
| Benchmark | An accumulation index comprised of the Citigroup Global Emerging Market Sovereign Investment Grade USD Index plus 5.0% per annum |
|-----------|--|

<sup>1</sup> Fund inception date 9 July 2008; Performance inception date 30 September 2008

<sup>2</sup> Citigroup Global Emerging Markets Sovereign Investment Grade USD Index+ 5%

<sup>3</sup> Based on the exposures of the underlying assets of the stocks in the Fund, as assessed by RARE Infrastructure

<sup>4</sup> Based on weighted averages

<sup>5</sup> EV means Enterprise Value (market capitalisation + preferred equity, if any + net debt)

<sup>6</sup> EBITDA means earnings before interest, tax, depreciation & amortisation

<sup>7</sup> If you invest through an IDPS operator such as a Master Trust or Wrap Account platform, this minimum may not apply to you

## Market Commentary for the Month

Despite ending April slightly up the global markets fell strongly towards the back end of the month as a wave of negative newsflow saw investors assess their risk profiles further (bonds v equity v cash in the cookie jar). And as de-risking gains greater favour the 2010 trend continued with the EMs again under performing their developed peers (MSCI World +28bps and the MSCI EM finishing +12bps in local terms). The EM markets RARE is exposed to were mixed (Shenzhen -8.1% & Shanghai -7.6%, Thailand -3.1%, Brazil -4.0%, Mexico -1.7%), with Indonesia +7.0 and India +1.8% in positive territory.

The risk/reward balance took a big step towards the defensive at the end of April as negative shock waves rippled throughout the developed world

- \* Investors are trying to digest the fall-out of a potential default by an EU nation and the resulting contagion
- \* The launch of civil securities-fraud case against Goldman Sachs by the SEC
- \* UK faces a hung parliament, and as a nation, can't get confidence that anyone is right for the top job

The events of April bring home to us that the big theme of 2009 (delevering brought about by the developed market excesses of the last decade) is still in vogue with the focus now shifted from the corporates to the governments themselves. This has already proven to be a very painful experience as governments are forced to cut spending in order to attempt to establish fiscal credibility.

Although the concept of cutting government spending in the midst of a crisis may be new to the developed world, the EM's have been here before (1990's and early 2000's) and as many investors are forced to add a sovereign risk premium for Eurozone countries, they are rewarding the EM countries that have their fiscal house in order

- \* Russia issued US\$5.5 billion in its first international debt sale since the 1998 default
- \* The extra yield investors demand to hold EM debt rather than US Treasuries sank to ~2.3% in April, the lowest level since Dec 2007
- \* Brazil raised it's benchmark interest rate (up 75bps to 9.5%) to prevent an "overheating" of the economy
- \* Investors view the China risk to be a new bubble and want governments to intervene - very different to the no growth, high unemployment, sovereign balance sheet issues of the developed world

We will likely continue to see volatility in the EM as contagion risk creeps into the picture but we remain focused on putting money to work in countries that are structurally focused on maintaining organic domestic growth and not reliant on the return of excess liquidity to fund demand.

### Important Information:

While the information contained in this report has been prepared with all reasonable care, RARE Infrastructure Limited ("RARE") accepts no responsibility or liability for any errors, omissions or misstatements however caused. This information is not personal advice. This advice has been prepared without taking account of your objectives, financial situation or needs.

Treasury Group Investment Services Limited ("TIS") is the responsible entity for the RARE Infrastructure Value Fund (the "Fund"). Applications can only be made on the form in the current product disclosure statement dated 17 January 2007 for this Fund. The product disclosure statement can be obtained by contacting the RARE Infrastructure investment team on (02) 9397 7300, by fax (02) 9397 7399, by emailing invest@RAREInfrastructure.com or at www.RAREInfrastructure.com. Potential investors should consider the product disclosure statement before deciding whether to invest, or continue to invest in the Fund. The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock.

Investors should be aware that past performance is not indicative of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. Potential investors should seek independent advice as to the suitability of the Fund to their investment needs.

TIS may be contacted by writing to Level 5, 50 Margaret Street, Sydney, NSW, 2000, by telephone (02) 8243 0400 or by fax (02) 8243 0410.

TIS receives an investment management fee of 1.333% per annum of the amount invested in the fund (including GST less the maximum applicable reduced input tax credits), which is the entire management fee, out of which responsible entity fees, investment management costs, ongoing administrative expenses and other fees will be paid.

## Portfolio Commentary

The RARE Series EM Fund was up 2.0% in April in line with the benchmark return (2.0%) and outperforming the MSCI EM by 170bps (+0.3% in AUD terms).

A mixed month from the portfolio stocks with no one theme, sector or country dictating the upside. The big winners for the month were Jasa Marga (Indonesian toll road) +16% on a very strong outlook, Reliance Infrastructure (Indian conglomerate) +14% as the infrastructure sector begins to shine and Tractebel (Brazilian utility) +11% with investors pleased with their lack of participation in the Bele Monte bid. By contrast, a weaker month again for MPX Energia (Brazilian utility) down another 9% with investors continuing to take profits. We now believe this stock is oversold and would use on-going weakness to top up positions.

In terms of sector specific new flow, the 11GW hydro power plant in the Brazilian Amazonia (Bele Monte) was auctioned and we were pleased to see that there were no aggressive bids from our core holdings. Ecorodovias (Brazilian toll road) commenced trading and importantly held its IPO pricing or better across April.

We are travelling at the moment through Brazil and some of our more desperate European friends. On our return we anticipate further re-balancing with increased exposure to those countries weathering this latest storm better than their peers - a result of their stronger balance sheets, resilient consumer demand and attractive fiscal policies.

*Sarah Shaw, Richard Elmslie, Nick Langley  
(RARE EM Investment Committee)*

## Overview of Fund Holdings

| Top 10 Holdings                     | Weighting |
|-------------------------------------|-----------|
| AES TIETE SA                        | 4.9%      |
| DP WORLD LIMITED                    | 4.8%      |
| SICHUAN EXPRESSWAY CO LTD           | 4.7%      |
| COMPANIA ENERGETICA DE MINAS GERAIS | 4.6%      |
| ELETROPAULO METROPOLITANA ELTRICID, | 4.6%      |
| TRACTABEL ENERGIA SA COM NPV        | 4.2%      |
| RELIANCE INFRASTRUCTURE LTD         | 4.1%      |
| SHENZEN EXPRESSWAY CO LTD           | 3.7%      |
| JASA MARGA INDONESIA HIGHWAY CORP   | 3.7%      |
| MPX MINERACAO E ENERGIA SA          | 3.7%      |